

ELEMENT 211: ECONOMIC DEVELOPMENT POLICIES AND PLAN

01 INTRODUCTION

The updated State Guide Plan Element 211, Economic Development Policies and Plan, was approved by the State Planning Council on August 9, 2001. This is the third comprehensive economic development plan prepared as an element of the Rhode Island State Guide Plan. It updates and supersedes, Report Number 51, adopted by the State Planning Council in 1986. This element discusses the issues that are influencing Rhode Island's economic development. The plan adopts a single comprehensive economic development goal for the state with related objectives and policies. Economic indicators are updated in an effort to quantify the state's strengths and weaknesses.

02 ISSUES ADDRESSED

The plan discusses four major issues that are impeding the state from reaching its comprehensive goal. The first issue is that there is a perception that Rhode Island has a poor business climate due to its high taxes, high energy costs, undereducated workforce, and poor physical infrastructure. The second issue is that the state is dependent upon shrinking industries such as textiles, jewelry, and defense. The third issue is that there is a shortage of prime industrial land in the state. The final major issue is the challenge of preserving the state's fine quality of life while expanding its economy.

03 RHODE ISLAND ECONOMIC PROFILE

The plan summarizes the strengths and weaknesses of Rhode Island's important economic and demographic characteristics: employment and unemployment, population, per capita personal income, gross state product, manufacturing wages, value added, housing prices, the poverty rate, and major employment sectors.

The state's dependence upon manufacturing sectors that are more susceptible to national economic downturns limits Rhode Island's ability to sustain economic growth on a level with the rest of the region. Our limited land resources constrain industrial location and expansion in our older central cities closest to the labor force. The education and skill levels of much of the labor force are not high enough to compete in a technological global economy. We have low incomes in an otherwise high-income region, thus depressing our standard of living. Low wage rates limit the state's level of earned income. We are too dependent upon transfer payments as a source of income. Growth in Gross State Product, the measurement of a state's local output of goods and services inside its borders, lags behind both the nation and the New England region.. Lastly, the combination of industries characterized by low capital investment and unskilled or semi-skilled labor has made Rhode Island a low value-added state.

Despite these less than ideal conditions, Rhode Island does have a number of strengths that are beginning to buttress its weaker economic elements. Some of these attributes include the QuonsetPoint/Davisville complex, which has added prime industrial land to the state's meager inventory. Quality programs are being developed to train the state's labor force at levels necessary to expand into the next millennium. The state is actively participating in the national economic recovery and wage rates and income are improving. Some sectors of the state's economy such as boat building and financial services are growing as a result of incentive programs and government action. The state's slow population growth provides an opportunity to develop quality programs to train the state's labor force at levels necessary to sustain growth.

Rhode Island does have a labor force with many of the skills sought by growth industries. The problem has been one of finding enough jobs to keep those skills in the state. The state appears to be actively participating in the economic recovery and as such wage rates and income can be expected to improve.

During a period of apparent prosperity, it becomes difficult to provide an objective assessment of our economy's future performance. Unemployment rates are approaching record lows and there are labor force shortages. Personal income is growing and state revenues are generating surpluses. In such an atmosphere it would be an easy matter for policy makers to espouse the pluses and minimize the negatives. Yet if we make that difficult objective evaluation, we come to realize that the negatives continue to pose a real threat to our prosperity.

04 ECONOMIC DEVELOPMENT GOALS

Analysis of the many studies of and statements on the economy, relevant statutory provisions, State Guide Plan elements, and other sources disclose a uniform theme that points to a simple and direct goal for the Rhode Island economy:

Foster and maintain a vigorous economy able to provide an adequate number and variety of activities that generate wealth for the people of the state.

This single statement encompasses all of the purposes of economic activity: jobs, income, production of goods and services, capital investment, and government revenues. It does not provide direction as to how this ambitious goal is to be achieved, however. The guidance is presented in a series of interrelated objectives and policies.

The objectives and policies outlined here are intended to guide public investment toward the fulfillment of the overall economic goal. They provide a foundation for action that encompasses related social, physical, and environmental factors to be considered for economic development.

Objectives are more definitive than goals; they are meant to be both attainable and measurable. At the same time, they address broad topics and provide a basis for organizing the policies that follow each objective. For example, many of the policies are intended to help preserve or enhance urban areas. At the same time, singling out urban areas for attention without consideration of the need of rural and developing areas presents a somewhat skewed view of state development objectives. These urban policies are therefore grouped under the objective that refers to the state's overall land use objectives.

Policies are discrete steps toward the accomplishment of an objective. Each one represents a single action; each objective is the end or target of a series of such actions. The principal sources of policies recommended in the sections following are the Guide Plan elements that relate directly to economic development, with duplication removed and, in some cases, with abbreviated wording. After assembling these policies, certain repeated themes emerged. These more general intentions are presented as objectives, and the policies are organized according to the objective to which they most closely relate.

Objective A: Employment

*Provide at least 34,200 new employment opportunities for Rhode Island residents, by the year 2020, achieving and maintaining full employment and reducing underemployment.**

Policies to Achieve Objective A:

1. Improve opportunities for productive employment with highest priority given to those economic development activities that have the potential to upgrade the skill and wage levels of the state's resident labor force. Target public economic development assistance of any type to those applicants that can increase the average wage rate in their industrial sectors.
2. Promote expansion and recruitment of industries that offer career opportunities for both our secondary and post-secondary school graduates.
3. Encourage and expand those social services, both in the public and private sector, that are necessary to facilitate the broadest labor force participation, including training, job placement, child care, health care, and transportation services.
4. Promote and develop the use of mass transit in order to eliminate spatial barriers to employment opportunities. Encourage development in densities high enough to facilitate the economical provision of mass transit.
5. Emphasize diversity of industry toward those sectors that demonstrate a steady employment pattern, avoid seasonal layoffs, and withstand cyclical downturns of the economy.
6. Expand educational and job-training opportunities that have as their primary objective providing the state's labor force with those marketable skills sought by employers that provide above average wage rates. Provide lifelong training and education opportunities that make the labor force competitive.
7. Eliminate barriers to employment based on race, gender, disability, sexual orientation, or ethnic origin through education and training as well as consistent enforcement of applicable laws.
8. Encourage communities to plan for and accommodate the socioeconomic impacts of industrial and commercial development, such as by providing a variety of housing options to meet the needs of the local labor force.
9. Encourage industry, particularly those that employ urban populations, to locate in urban areas and to take advantage of public and alternative transportation modes where feasible.

See note ((61))

03-02-02 OBJECTIVE B: FACILITIES

Work with economic development practitioners to encourage sustainable industrial and commercial development that advances the long-term economic and environmental well-being of the state, and is consistent with the State Land Use Policies and Plan, the Industrial Land Use Plan, and other applicable elements of the State Guide Plan.

Policies to Achieve Objective B:

1. Reclaim brownfields by environmental remediation and encourage use of the “built environment.”
2. Conserve and enhance desirable existing industrial areas, office complexes, and concentrations of service activities to maximize the investment and utilization of existing infrastructure. New or expanded public sewer and water services and highways should be provided to industrial and commercial development only where such development is appropriate in terms of the natural constraints imposed by the land, air, and water in the immediate vicinity of such development and vulnerability to natural hazards; and where the area is being developed at an intensity that is consistent with state land use policy, and when such development will not promote wasteful use of resources. When possible, an industry’s needs should be matched with the appropriate site in order to maximize the return on the infrastructure investment.
3. Ensure adequate investment to maintain and improve a balanced, intermodal transportation system that meets the needs of the state’s commerce and labor force. Make the transit system and intermodal connections user-friendly for all members of the riding public. Maintain shipping channels and recognize the economic potential of T. F. Green Airport and other state airports.
4. Encourage higher densities, mixed uses, careful design, transit and pedestrian-friendly land use and development patterns, and location near existing hubs and corridors to avoid “sprawl.” Maximize the use of alternative modes of transportation, such as bicycling, walking, and mass transit.
5. Relate industrial and commercial development to overall land use by promoting the use of development controls and performance standards that mitigate natural hazards and conflicts with other land uses and activities.
6. Encourage investment by the public and private sectors that will stabilize and improve housing and commerce in deteriorating urban areas.
7. Promote the control of land development along arterial highways in order to preserve their functional integrity, capacity, safety, and appearance.
8. Contribute to the stabilization and redevelopment of central business districts through the provision of supporting services such as transportation access, parking, utilities, and police and fire protection, as well as the adaptive reuse of historic buildings that contribute to the commercial and cultural economic base of these areas. Public subsidy enticements to industries other than traded industries should only be considered where they contribute to the stabilization and redevelopment of such areas. Viable economic

reuses should be found for historic buildings that can contribute to the economy. Ensure that all reconstruction and redevelopment meet current natural hazard mitigation criteria.

9. Designate sites in developing communities and in or near smaller urban centers in rural communities for industrial or commercial development as needed to meet state and municipal economic objectives. Select locations with natural characteristics favorable for economic development that have or can be supplied with the public facilities and services necessary to support the type of economic activity planned, and that are readily accessible to a labor force. These locations must also be consistent with the general development patterns set forth in the state land use policies and plan element and with all other applicable elements or provisions of the State Guide Plan. Sites selected, and the economic activities that use these sites, should be compatible with the scale, historic character, disaster preparedness, and other aspects of the surrounding community.
10. Locate industrial development causing other than domestic waste discharges in areas served either by public sewerage systems or by appropriately permitted and maintained private systems.
11. Support agricultural base to include turf, ornamentals, vineyards, forestry, field crops, dairy and livestock. Seek alternative niche markets to support smaller, more diverse farms. Promote the preservation of prime farmland and provide the technical support to keep agriculture environmentally and economically sustainable.
12. Encourage development of sport and commercial fisheries both inshore and offshore up to levels of maximum sustainable yield by supporting the provision of appropriate infrastructure, research and training facilities, aquaculture, management activities, and enforcement of water quality standards. Reserve suitable port access areas for commercial fishing vessels.
13. Encourage new industrial development in the coastal zone that places a priority on the maximum efficient and appropriate utilization of existing marine infrastructure, such as the Port of Providence and Quonset Davisville.
14. Encourage areas used for commercial development to be selected and configured to make the most efficient use of scarce shoreline locations.
15. Promote tourism as a major industry, and encourage and support the use of the wide range of facilities that make up the industry's infrastructure.
16. Encourage the reuse of industrial land as industrial land to the maximum extent feasible.
17. Note areas most vulnerable to natural hazards and locate development away from these areas whenever possible. Provide appropriate mitigating measures wherever such hazards exist.

03-02-03 OBJECTIVE C: CLIMATE

Maintain a business environment conducive to the birth, sustenance, and growth of suitable industry and commerce.

Policies to achieve Objective C:

1. Promote the implementation of a growth development strategy giving priority to economic development programs directed at the promotion, maintenance, and expansion of existing firms.
2. Encourage and promote locally and regionally initiated economic development efforts as set forth in the economic development elements of local comprehensive plans.
3. Attract and give assistance to those types of industry that best capitalize on Rhode Island's strengths, and are potentially most beneficial to the state's employment, the needs of firms, resources, fiscal soundness, and related development goals.
4. Expand all markets, in state, national, and international, for the state's products and services, through improved communications and promotion.
5. Encourage reservation of prime industrial sites through protective regulation or acquisition, recognizing the importance of factors such as topography and soil characteristics, availability of water and sewer service, access to transportation facilities, proximity to water bodies, and availability of labor.
6. *Maintain public infrastructure, both structural (physical) and non-structural (social). Provide additional infrastructure where it is clearly demonstrated as necessary and in a manner that will protect the long-term health of the state's natural and fiscal resources.*
7. Recognize Rhode Island's quality of life as an asset that improves the state's "business climate." Protect and enhance the quality of life by promoting sustainable development.
8. Recognize cultural diversity and heritage as major assets to be protected and promoted.
9. Recognize Narragansett Bay as a major economic resource.
10. Encourage initiatives to ensure a competitive and fair tax environment for all Rhode Island residents and businesses.
11. Work with local government officials to study and better understand the relationship between land use and property tax.
12. Recognize education as an essential component of economic development.
13. Encourage and promote initiatives aimed at creating competitive utility rates.
14. Enhance the affordability and reliability of the state's energy supplies by pursuing energy conservation and supporting wider use of indigenous renewable energy resources where environmentally benign and economically feasible.